

## Message Text

LIMITED OFFICIAL USE

PAGE 01 SAO PA 01617 251148Z

53

ACTION ARA-20

INFO OCT-01 ADP-00 PA-03 PRS-01 USIA-15 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20

RSR-01 /134 W

----- 049033

R 251100Z JUL 73

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 4402

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL RECIFE

AMCONSUL BELEM BY POUCH

AMCONSUL PORTO ALEGRE BY POUCH

AMCONSUL SALVADOR BY POUCH

LIMITED OFFICIAL USE SAO PAULO 1617

DEPARTMENT PASS LABOR

E.O. 11652: N/A

TAGS: ELAB ETRAN BR

SUBJECT: LONGSHORE SITUATION IN BRAZILIAN PORTS

REF SAO PAULO 1563

"BEGIN SUMMARY" CURRENT SITUATION. HEAVY RAINS OVER THE LAST THREE DAYS IN SANTOS, THE KEY PORT IN TERMS OF TONNAGE, HAVE COMPLICATED ANALYSIS OF THE CURRENT SLOW-DOWN IN CARGO HANDLING OPERATIONS AFFECTING BRAZILIAN PORTS. HOWEVER, PRODUCTIVITY AT THE PORT OF SANTOS HAS DROPPED DRAMATICALLY, FROM 1500 TONS PER-DAY/PER-CREW, TO 600-900 TONS PER-DAY/PER-CREW, OVER THE LAST FOUR WEEKS. SOURCES, INCLUDING SHIPPING AGENTS AND AN EX-STATE DEPUTY FROM SANTOS ELECTED FROM A DOCKWORKERS' CONSTITUENCY, NOW INDICATE THAT CARGO MOVEMENT IMPROVED

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SAO PA 01617 251148Z

MARKEDLY OVER LAST WEEKEND FOLLOWING RECISION-IN-EFFECT OF THE

RECENT GOVERNMENT DECREE WHICH REPUTEDLY HAD LOWERED NET LONGSHORING WAGES BY FIFTY PERCENT. AN INTER-MINISTERIAL STUDY GROUP IS EXPECTED TO FINISH ITS FINAL RECOMMENDATIONS TO STABILIZE THE MARITIME SITUATION WITHIN SIXTY DAYS. NO COMPLICATIONS ARE FORESEEN FOR THE UPCOMING INAUGURAL OF LASH SERVICE IN BRAZIL. "END SUMMAR".

1. SLOW-DOWN. WHILE THE EVIDENCE IS CLEAR THAT CARGO-HANDLING PRODUCTIVITY DECREASED MARKEDLY SINCE THE END OF JUNE IN BRAZILIAN PORTS, BOTH GOVERNMENT OFFICIALS AND UNION LEADERSHIP, FOR WIDELY DIFFERING MOTIVES, IGNORE OR DENY THE EXISTENCE OF A SLOW-DOWN ON THE DOCKS. BOTH THE LABOR ATTACHE AND THE REPORTING LABOR OFFICER HAVE ENCOUNTERED AN UNCOMMON WALL OF SILENCE FROM THEIR NORMALLY CANDID UNION SOURCES REGARDING THIS ISSUE. THE AIFLD DIRECTOR IN RIO STATES THAT "EVERYONE KNOWS ABOUT THE SLOW-DOWN, BUT NOBODY ADMITS IT." BESIDES THE SLOW-DOWN TACTIC--WHICH THE PRESS CALLS "OPERATION TURTLE"--MANY LONGSHOREMEN HAVE ABANDONED THE WATERFRONT FOR OTHER EMPLOYMENT; THUS THE AVAILABLE LABOR POOL AND CONSEQUENT CREW SIZES ARE CUT, FURTHER LOWERING PRODUCTIVITY. THE EX-DEPUTY INFORMANT STATES THAT BEYOND THE SUDDEN CUT IN LONGSHORING WAGES, THE SLOW-DOWN WAS PRECIPITATED BY A GENERAL LACK OF COMMUNICATION AND GOOD FAITH AMONG THE PARTIES INVOLVED. HE ALLEGES THAT THE SLOW-DOWN DOES NOT HAVE A HIGH DEGREE OF ORGANIZATION; THAT IT IS MORE IN THE NATURE OF A WIDESPREAD "CHILD'S PROTEST." HE AGREES WITH A COMMON UNION CONTENTION THAT SOME STEVEDORE COMPANIES HAVE AGGRAVATED THE SITUATION BY AVOIDING GOVERNMENT REGULATIONS AND/OR FALSIFYING TIME AND PAY-ROLLS TO THE DETRIMENT OF THE LONGSHOREMEN. DOCK WORKERS HAD BEEN DISTRIBUTING PAMPHLETS WHICH CALLED FOR A GENERAL STRIKE IN THE PORT OF SANTOS TOMORROW (WEDNESDAY, 25 JULY), BUT THE LONGSHORE UNION COUNSEL, ACCORDING TO PRESS ACCOUNTS, STATES THAT THIS ACTIVITY HAS STOPPED SINCE THE PAY SYSTEM HAS BEEN REVERTED TO ITS PREVIOUS STATUS.

2. BACKGROUND. APPROXIMATELY 90,000 LONGSHOREMEN, CARGO CHECKERS, AND PACKERS DERIVE THEIR PRINCIPAL INCOME FROM PORT ACTIVITY IN BRAZIL. UNDER THE SYSTEM IN EFFECT BEFORE 27 JUNE, A NORMAL CREW CONSISTED OF EIGHTEEN MEN. EACH MAN WAS PAID A NOMINAL BASE RATE PER DAY PLUS A FLAT RATE PER TON OF CARGO MOVED. DURING THE USUAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SAO PA 01617 251148Z

TWELVE HOUR SHIFT, THE CREW WOULD HANDLE 1500 TONS ON THE AVERAGE, WHICH PRODUCED A TURNAROUND TIME OF TWO DAYS PER SHIP, LADEN WITH 3000 TONS. UNDER THE SYSTEM, EACH LONGSHOREMAN AVERAGED CR139 (ABOUT US\$23) PER TWELVE-HOUR SHIFT. WHILE THIS IS AN EXTRAORDINARILY HIGH DAILY LABOR RATE FOR BRAZIL, FEW MEN MANAGED TO WORK STEADILY. WITH THE GOAL OF LOWERING FREIGHT HANDLING COSTS, SUNAMAN, THE GOVERNMENT MERCHANT MARINE AUTHORITY, ISSUED RESOLUTION NO. 4281 ON 27 JUNE. THIS INSTITUTED

A NEW PAYMENT SYSTEM FOR CARGO HANDLING. WHILE DOUBLING THE NOMINAL DAILY BASE RATE (FROM CR10 TO CR20/US\$1.65 TO US\$3.30), THE AVERAGE CREW SIZE WAS REDUCED FROM EIGHTEEN TO TEN, A MINIMUM DAILY TONNAGE LEVEL WAS SET, AND THE INCENTIVE RATE PER TON WAS CUT FROM CR80 TO CRTP (QE US CENTS TO 8 US CENTS). WITH CREW SIZE CUT, TONNAGE THRESHOLDS IN EFFECT, AND INCENTIVE RATES CUT, AVERAGE DAILY INCOME PER-WORKER/PER-SHIFT DROPPED FROM CR139 TO CR77 (US\$23 TO US\$13). BEYOND THE DOCKERS' SLOW-DOWN TACTIC, THE SANTOS LONGSHORE UNION FILED SUIT AGAINST THE SUNAMAN RESOLUTION, AND THE NATIONAL MARITIME LABOR FEDERATIONS FILED A PROTEST WITH THE MINISTRY OF LABOR.

3. GOVERNMENT REACTIONS. THE DOCK TIE-UP QUICKLY ESCALATED TO THE FEDERAL LEVEL WHERE AN INTER-MINISTERIAL STUDY GROUP (SUNAMAN, TRANSPORT, LABOR) WAS FORMED TO RESOLVE THE PROBLEM. AFTER MUCH BACKING-AND-FILLING, SUNAMAN ISSUED RESOLUTION 4281-B MONDAY, JULY 23 WHOSE NET EFFECT WAS TO RESTORE THE WAGE SYSTEM IN EFFECT BEFORE 27 JUNE. FINAL LEGISLATION WILL BE RECOMMENDED BY THE STUDY GROUP ON OR BEFORE 10 SEPTEMBER. DECONTROL 7/25:74.  
CHAPIN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CARGO HANDLING, PORT FACILITIES, LABOR STRIKES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 JUL 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** elyme  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973SAOPA01617  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** SAO PAULO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730711/aaaaaico.tel  
**Line Count:** 136  
**Locator:** TEXT ON-LINE  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 73 SAO PAULO 1563  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** elyme  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <31-Jan-2002 by martinjw>; APPROVED <06-Feb-2002 by elyme>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LONGSHORE SITUATION IN BRAZILIAN PORTS  
**TAGS:** ELAB, ETRN, BR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005